STATE BOARD OF ACCOUNTS 302 West Washington Street Room E418 INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT OF

CITY COURT CITY OF GAS CITY GRANT COUNTY, INDIANA

January 1, 2007 to December 31, 2007

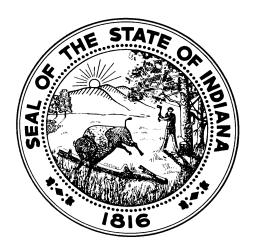




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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Court Judge	Fred L. Schrader Steven J. Barker	01-01-04 to 12-31-07 01-01-08 to 12-31-11
Mayor	H. Larry Leach	01-01-04 to 12-31-11
President of the County Council	Larry J. Terwillegar	01-01-07 to 12-31-08



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TO: THE OFFICIALS OF THE CITY OF GAS CITY

We have audited the records of the City Court for the period from January 1, 2007 to December 31, 2007, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of the City of Gas City, Grant County, for the year 2007.

STATE BOARD OF ACCOUNTS

July 15, 2008

CITY COURT CITY OF GAS CITY AUDIT RESULTS AND COMMENTS

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. Of the receipts tested, 46% were deposited 4 days or more after date of receipt. One deposit date was 10 days after date of receipt. Receipt reports and deposits were completed daily; however, the deposits were only taken to the bank an average of one time per week.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

DISTRIBUTION OF COURT FEES

The Court did not comply with Indiana Code 33-37-7-8 which regulates distribution of court costs to the state, county, and city. Proper percentages were not always applied to these costs. This comment appeared in prior Report B29944.

Indiana Code 33-37-7-8 states in part:

- "(a) . . . shall distribute semiannually to the auditor of state . . . fifty-five percent (55%) of the amount . . ."
- "(b) . . . shall distribute monthly to the county auditor . . . twenty percent (20%) of the amount . . . "
- "(c) . . . shall retain twenty-five percent (25%) . . . of the fees collected . . . "

PAYMENTS TO STATE, COUNTY, AND CITY

Fines and court costs that have been collected and are due and unpaid to the state, county, and city at December 31, 2007, are as follows:

Collected In	State	 County	 City
December 2004 January 2005	\$ 23,876 26,793	\$ -	\$ -
February 2005	31,526	-	-
March 2005	31,453	-	-
April 2005 May 2005	31,203 34,102	-	-
June 2005	33,147	-	-
December 2006 July 2007	28,564 33,055	-	-
August 2007	40,761	37,329	30,520
September 2007 October 2007	37,140 47,331	-	-
November 2007	 38,682	 <u> </u>	
Totals	\$ 437,633	\$ 37,329	\$ 30,520

CITY COURT CITY OF GAS CITY AUDIT RESULTS AND COMMENTS (Continued)

Indiana Code 33-37-7-8(d) states in part: "The clerk of a city or town court shall distribute semiannually to the auditor of state . . ."

Indiana Code 33-37-7-8(e) states in part: "The clerk of a city or town court shall distribute monthly to the county auditor . . ."

Indiana Code 33-37-7-8(f) states in part: "The clerk of a city or town court shall distribute monthly to the city or town fiscal officer . . ."

UNCLAIMED FUNDS OVER FIVE YEARS OLD

At December 31, 2007, there were \$10,158 of bond funds and \$6,428 of trust funds that were unclaimed and over five years old.

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-1-20(c)(7). Items should not be allowed to accumulate beyond the five year anniversary date. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

BANK RECONCILEMENTS

Record balances were not reconciled to depository balances from January 2007 to May 2008. A similar comment appeared in prior Report B29944.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CASH NECESSARY TO BALANCE

A comparison of the records to the bank account indicated cash necessary to balance of \$1,948. (See Summary, page 9)

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

CITY COURT CITY OF GAS CITY EXIT CONFERENCE

The contents of this report were discussed on July 15, 2008, with Fred L. Schrader, former City Court Judge. The official concurred with our audit findings.

The contents of this report were discussed on July 15, 2008, with Steven J. Barker, City Court Judge. The official response has been made a part of this report and may be found on pages 7 and 8.

Gas City Court 211 East Main St. Gas City, IN 46933 (765)- 677-3081 The Honorable Steven J. Barker

July 15, 2008

Mr. Gary DeWitt 11768 North Roanoke Rd. Roanoke, IN 46786

Re: Response to exit conference for 2007

Dear Mr. DeWitt:

I would like to respond to the audit results and comments for the 2007 fiscal year in the Gas City Court. Even though I was not the presiding Judge during 2007, I want to inform the State Board of Accounts of what procedures the Court has implemented to correct the deficiencies.

Deposits:

1. Court staff has been informed that deposits will be made each day, minus holidays and weekends. This practice was implemented the first week that the new administration took office.

Distribution of Court Fees:

Court staff has been informed of the proper percentages of court cost distribution.
 The Court was omitting the city share of court costs for the prosecutor deferral program. This error has been corrected and the proper amounts are now being correctly disbursed.

Payments To State, County and City:

1. The Court Clerk has now written checks and sent to the agencies the correct amounts that had not been sent since December, 2004. State: \$437,633 County: 37,329 City: 30,520. The Judge has now assumed the responsibility of making sure that the semiannual disbursements are compiled and sent on the correct time schedule.

Unclaimed Funds Over Five Years Old:

1. The Court will begin to identify the bonds and trust funds that are over five years old to be sent to the Attorney General's Office.

Bank Reconcilements:

1. The Court performed an internal audit of the court books before the State
Auditors came for the annual audit. This audit exposed many problems as stated
in this report. The results were shared with the field auditors. The Court books are
now in balance and staff has been ordered to balance books at the beginning of
each month. Court staff and the field auditors worked diligently to bring the books
into balance and compliance.

Cash Necessary To Balance:

1. The sum of \$1,948.00 dollars has been received from former Judge Fred Schrader at the time of the writing of this letter. The amount has been deposited into the court account and are balanced.

Those are the comments and the actions that the Gas City Court has implemented to correct the problems that have plagued the Court for the past several years.

Sincerely.

Steven J. Barker, Judge

CITY COURT CITY OF GAS CITY SUMMARY

	Charges		Credits		Balance Due	
Fred L. Schrader, former City Court Judge: Cash Necessary to Balance, page 5	\$	1,948	\$		\$	
Reimbursed by Fred L. Schrader on July 15, 2008				1,948		
Totals	\$	1,948	\$	1,948	\$	-